

83rd
ANNUAL REPORT

1940



BOARDS

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The Borden Company
ESTABLISHED 1857
AND ALL SUBSIDIARY COMPANIES

BOARD OF DIRECTORS

ALBERT G. MILBANK

*Chairman of the Board
New York*

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New York

LESTER LE FEBER

Milwaukee

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*President, The Equitable Life
Assurance Society of the United States
New York*

HAROLD W. COMFORT

*Vice-President
New York*

MADISON H. LEWIS

*Pioneer Ice Cream Division
New York*

BEVERLEY R. ROBINSON

*Milbank, Tweed & Hope
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*South Eastern Ice Cream Division
Baltimore*

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*President
New York*

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*Director of Economics & Research
New York
Formerly Professor of Marketing
Cornell University*

ROBCLIFF V. JONES

*Vice-President
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*Executive Vice-President
New York*

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THEODORE G. MONTAGUE

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EVERETT L. NOETZEL, *Treasurer*

WALTER H. REBMAN, *Secretary*

GEORGE BITTNER, *Assistant Treasurer*

HAROLD K. KRAMER, *Assistant Treasurer*

THEODORE D. WAIBEL, *Assistant Secretary*

EXECUTIVE OFFICES

350 Madison Avenue, New York City

REGISTERED OFFICE

15 Exchange Place, Jersey City, N. J.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK
11 Broad Street, New York City

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street, New York City

COUNSEL

MILBANK, TWEED & HOPE
15 Broad Street, New York City

AUDITORS

HASKINS & SELLS
22 East 40th Street, New York City

To Stockholders and Employees:

There is submitted herewith the annual report of The Borden Company and all subsidiary companies for the year ended December 31, 1940.

NET INCOME AND DIVIDENDS

Net Income for 1940 was \$7,582,617, equivalent to 3.5% on sales and \$1.72 per share as compared with \$7,979,837 or 3.8% on sales and \$1.81 per share obtained in 1939. Net Income includes all earnings from foreign operations (primarily in Canada) converted to their U. S. dollar equivalent at rates of exchange prevailing during the months in 1940 when earned, or at which remittances were received. As in 1939, all exchange variations on remittances have been and will continue to be absorbed in Net Income to the extent not provided for by the discounting of current foreign earnings. The amount by which earnings for the year 1940 from foreign operations exceeded net remittances therefrom during that year was \$73,192.

Dividends aggregating \$1.40 per share were paid in 1940 as follows:

March 1	\$.30	September 3	\$.30
June 130	December 2050

This is the same total rate as paid in 1939. The dividend in December 1940 was the 123rd in the series of continuous payments to stockholders during every year for the past 42 years.

SALES

Sales amounted to \$216,795,850 for 1940 compared with \$208,789,250 for 1939.

General business activity during 1940 was, of course, accelerated by British war purchases as well as the inauguration of our own defense program. However, in

common with many consumer goods industries, our business has been but little accelerated by the increased tempo of the armament industries.

TAXES

Taxes of every nature for 1940, including Social Security Taxes, amounted to \$6,477,171 or \$1.47 per share.

No provision for excess profits tax was required for our United States companies. However, the above amount includes a sufficient but relatively small provision for excess profits taxes in Canada.

While income tax rates in the United States and Canada have materially increased, the provision for income taxes charged against earnings for 1940 was less than last year primarily for the reason that it comprehends the effect of substantial losses from the disposal of properties unessential to the Company's operations. The Federal income tax laws generally provide that losses of this nature may only be deducted in the taxable year of actual disposal, irrespective of the year in which the Company may have provided for the loss. Substantially all losses of this nature actually realized in 1940 have been previously provided for by the Company.

Taxes have been progressively mounting. However, with the increased obligations undertaken by the government under the defense program, stockholders and business necessarily will have to expect increasing tax burdens in 1941 and subsequent years. We hope these added taxes will be so equitably distributed that they will not cause drastic changes in the constructive financial policies followed by many great American corporations.

Statistically, taxation can be shown as follows:

Year	Total	Per Share
1934.....	\$3,714,186	\$.84
1935.....	4,282,329	.97
1936.....	5,205,458	1.18
1937.....	5,705,516	1.30
1938.....	6,577,060	1.50
1939.....	6,720,632	1.53
1940.....	6,477,171	1.47

1940 taxes amounted to \$239 per employee, or \$137 per stockholder, or \$1.47 per share.

NET WORKING CAPITAL

This item at the close of the year stood at \$40,042,147 compared with \$39,203,231 at December 31, 1939.

The ratio of Current Assets to Current Liabilities on December 31, 1940 was \$3.63 to \$1.00, which compares with a ratio of \$3.41 to \$1.00 on December 31, 1939.

Net Working Capital in foreign countries (principally Canada) on December 31, 1940 has been converted at exchange rates prevailing on that date and is included in the Balance Sheet at its U. S. dollar value. The adjustment occasioned by this conversion on December 31, 1939, at exchange rates then prevailing (beyond that absorbed by the discounting of current foreign earnings) was provided for by a reserve of \$460,937 created from Earned Surplus in 1939. As this reserve was somewhat in excess of the amount needed to similarly adjust to its U. S. dollar value the net working capital remaining in foreign countries on December 31, 1940, it was thought best, in view of continuing unsettled conditions, to defer the return to Earned Surplus of any excess provision remaining therein.

Cash on hand at the end of the year was

\$20,147,813, which was in excess of the total of all Current Liabilities on that date, amounting to \$15,208,347. Cash on December 31, 1939 was \$20,291,906.

Inventories of \$17,895,422 compare with \$17,514,225 for last year. As usual, all inventories are valued at cost or market, whichever is lower. Inventory write-off at the year end amounted to \$35,474 as compared with \$86,924 in 1939. Inventories on hand December 31, 1940 are slightly higher than last year due to the necessity of carrying larger quantities on account of uncertainty of deliveries and, in some instances, to higher unit prices. As indicated in our report for last year, the Company in 1939 changed its inventory policy as to three important products in the Manufactured Products Division from an "average cost basis" to "last-in, first-out basis" and if this change had not been made, profits for the year 1939 would have been about \$275,000 greater. In 1940 the Company extended this change in policy to other important inventory items, which action seemed advisable due not only to rapid changes in price levels but also on account of other uncertainties. If this change of inventory policy had not been further extended in 1940, the Company's profits would have been about \$390,000 greater for the current year. The Company is endeavoring to follow a conservative inventory policy which seems particularly advisable in these chaotic times.

Marketable Securities, which include a substantial amount of United States Government securities and material holdings of Canadian Government securities, taken at their cost, amounted to \$4,412,912 and at their market value to \$4,573,782 at December 31, 1940. These totals com-

pare with a cost of \$5,541,473 and a market value of \$5,411,811 on December 31, 1939 for the securities then owned. As of December 31, 1940 part of these securities having a cost value of \$1,913,130 were on deposit with certain governmental bodies to guarantee compliance with various milk control laws, workmen's compensation acts, etc. The Company, through its Canadian subsidiary, The Borden Company, Limited, is wholeheartedly cooperating with the Canadian Government authorities in these critical times and has during the past year subscribed for sizable amounts of Canadian War Loans.

Receivables at the end of 1940 amounted to \$12,794,346 and were equivalent to approximately 23 days' average sales. All credit losses have been charged off and adequate reserves against future losses have been created by charges to operations, leaving Receivables in sound condition.

PROPERTIES

During 1940 the Company authorized expenditures of \$6,551,365 for replacements and new or improved facilities. The Budget of Capital Expenditures for 1941, as approved by the Board of Directors, is \$6,426,330. The Company's program of modernization and extension has been progressing satisfactorily. Expenditures, however, for extensions in the Fluid Milk Division have been limited. Old plants are being gradually modernized and new and more efficient units erected where necessary. One of the largest items of capital expenditures each year is motor vehicles, as a constant program of replacement is necessary to keep the Company's fleet of approximately 8,500 vehicles in efficient operating condition.

TOTAL ASSETS

Total Assets, including Trade-Marks, Patents and Good-Will carried at the nominal value of one dollar, amounted to \$126,319,214 compared with \$125,714,933 at December 31, 1939. It is interesting to note that it required an average of about \$4,664 of capital investment, including Current Assets, for each employee maintained on the Company payroll during 1940.

Assets in foreign countries (principally Canada), after depreciation and exclusive of Current Assets, on December 31, 1940 amounted to \$5,753,392. These assets are included at parities of the foreign currencies which generally reflect their U. S. dollar value at the time when such assets were acquired or constructed. This represents 8% of the Total Assets, other than Current Assets, on December 31, 1940. No substantial additions (other than necessary current replacements) were made during 1940 to plants in foreign countries.

CAPITAL STOCK

There was no change in either the total authorized or outstanding shares of Capital Stock during the year, and the capital structure continues without any outstanding securities senior to the Common Stock of The Borden Company.

The 4,396,704 shares of Capital Stock outstanding December 31, 1940 were held by 47,396 stockholders with an average holding of 93 shares, which compares with 46,889 stockholders with an average holding of 94 shares on December 31, 1939.

GOVERNMENTAL RELATIONS

In the Annual Reports of 1938 and 1939, stockholders were informed of developments arising from the indictment

brought by the Federal Grand Jury in Chicago against 59 persons and corporations connected with the marketing of milk in Chicago, including The Borden Company and a number of its executives, charging violations of the Federal anti-trust laws. This indictment was dismissed on September 16, 1940, upon the entry of a consent decree, terminating the proceedings against all the defendants. By its terms the decree is limited in its effect upon the Company to those activities in connection with the fluid milk business in the city of Chicago.

Counsel for the Company believe that the decree may be helpful in so far as it sets into more clearly defined spheres the proper activities of farm cooperative, union labor and distributor.

The Company is continuing its efforts to place before both governmental agencies and the public, facts concerning the fundamental problems confronting the fluid milk distributing industry. Some progress has been made toward a more complete understanding of this problem on the part of government, farmer, labor, consumer and distributor.

FLUID MILK DIVISION

The sales and profits of the Fluid Milk Division as a whole were not improved over 1939, although some individual operations made decided progress. Constant effort has been made to lower distribution costs but results have not been sufficient to overcome the high wage costs, the high prices decreed in many markets by government authorities for fluid milk and the mounting burden of taxes. Since such a large proportion of our total dollar sales in this Division, particularly in large markets, (about 78.6% of total dollar intake)

goes for the above mentioned costs, it is difficult to accomplish substantially lower costs of distribution.

The two quart container, introduced last year in some of our large markets, has achieved favorable reception from many consumers, but not in as large volume as anticipated. The lowered costs which would result from a larger volume of delivery per customer is an important item in the problem of reducing distribution costs with consequent benefit for both labor in preserving jobs and to consumers in lowered price.

Profits in the Fluid Milk Division, as has been frequently pointed out, are either non-existent or wholly inadequate to earn a reasonable return on the millions of dollars of stockholders' money invested in plants and equipment. This is especially true in our two largest city markets, New York and Chicago. Losses over a period of years in the Chicago fluid milk operation have been referred to in an earlier report. A similar unsatisfactory situation existed in 1940 in New York City, which constitutes our largest fluid milk operation. The operation of these two largest of our units in this group actually resulted in a net loss. This result included not only milk as such, but other products such as cream, buttermilk, chocolate milk and similar items distributed by these operations.

Unfortunately, the general public is too often inclined to think of the Company's function as being primarily fluid milk distribution and to assume that its total earnings come from this frequently unprofitable branch of our operations. Not infrequently, uninformed persons assume that the Company's entire net profit is derived from the New York or other large

fluid milk operations and draw the erroneous conclusion that city consumers have been overcharged or farmers underpaid. Actually, of course, the fluid milk operations contributed a minor part to the total earnings, which were derived largely from the other diverse activities of the Company. It was this planned diversification of products and operations which made possible the total earnings reported for the year. Because of the difficulty of maintaining even the slimmest profit margin in fluid milk distribution in some of our large markets with excessive wage rates and too-high pegged prices to producers of fluid milk, your Management plans to continue its efforts toward greater diversification, not only in products which are derived from milk, but also other products which can be marketed through our existing sales organizations. (See page 20 for further illustration of this diversification).

ICE CREAM DIVISION

Total gallonage sold in the Ice Cream Division was slightly in excess of 1939 in spite of the fact that weather conditions during the ice cream season, particularly along the Atlantic seaboard which includes some of our largest markets, were extremely unfavorable.

Profits in the Ice Cream Division were lower than 1939 due primarily to increased cost of raw materials. The Company has been hopeful of being able to avoid raising present selling prices but it is becoming increasingly difficult on account of the rapidly advancing raw material costs.

Eight small distributing branches were acquired or opened during the year in territories where we already had ice cream

manufacturing facilities large enough to accommodate additional volume.

The volume of ice cream consumed is generally dependent upon weather conditions and general purchasing power. Under more normal temperatures than in 1940, we believe the outlook for this Division from the standpoint of both sales and profits is promising.

MANUFACTURED PRODUCTS

The steady progress of our activities in the Manufactured Products Division continued in 1940. Evaporated milk, malted milk, caramels and mince meat enjoyed sales advances and the Company received increased profits from this Division.

Constant attention was devoted not only to expanding markets but also to greater efficiency in cost of production and distribution. During the year Eagle Brand Condensed Milk, originated by Gail Borden in 1857, was marketed in a new 7½ ounce size in order to widen the use of this product for special cooking purposes.

Powdered milk of all types recorded very satisfactory sales and profits, and the Company has maintained its leadership in this important field within the dairy industry. Research is being constantly applied to determine not only better methods of manufacture but also new and increased uses. The outlook for 1941 is encouraging for both continued sales development and profits.

CHEESE DIVISION

The Cheese Division enjoyed a very satisfactory growth, and total pounds sold exceeded any previous year. Profits likewise were equal to expectations. The results of the Bulk Cheese Division were

particularly gratifying. The sales of the Company's specialty cheeses, such as Liederkranz and Camembert, enjoyed substantial increases and we look forward to continued increased consumer acceptance of these products.

EXPORT SALES

The Company's position in the export field has, of course, been hampered by both the European and Asiatic wars. Increasing difficulties were encountered in foreign exchange, import licenses and ocean shipping space. Profits, while somewhat less than previous years, were, in view of the distressed conditions, gratifying, although total volume of business was naturally curtailed due to the war situation. The continuation of the conflicts in both Europe and Asia will doubtless accentuate some of the difficulties experienced in 1940.

The Company's property in Shanghai, China, where egg products are packed for sale in England, was not damaged, although operations encountered great difficulties both in the procurement of supplies as well as in shipping the finished product.

Some damage was done to the London adhesive plant in which the Company has a part interest. Our investment, however, in the British Isles is very small.

The trend in many countries toward high tariff walls in order to encourage local dairy products production is a serious one to this Division and the Company is considering the establishment of some manufacturing plants, particularly for infant foods, in foreign jurisdictions, especially South America.

CASEIN AND ADHESIVES

The operations of the Casein and Adhesives Division have been well maintained, although the Company has curtailed some of its bulk casein operations. Two new resin glue plants were built, one at Bainbridge, New York and the other at Seattle, Washington, to take care of the increased demand for glues made from synthetic resins.

The high rate of activity in the lumber, building, furniture and paper industries gives promise of continued demand for these products in 1941.

PRESCRIPTION PRODUCTS

A more aggressive development of the activities of the Prescription Products Department is planned for 1941, with special emphasis being placed upon the addition of new products to round out the Borden line for sales through pharmaceutical outlets.

A new, modern milk sugar plant is being erected at Bainbridge, New York which should be in operation by May 1.

SPECIAL PRODUCTS DIVISION

The Special Products Division continued its development on poultry and animal foods, as well as a number of products fortified with various vitamins. Although profits were not quite equal to 1939, this was due in part to the development and introduction of new products, particularly in the vitamin field.

The Company's entrance into the field served by this Division is an example of the efforts of management to achieve greater diversification of the Company's business, and the activities of this Division, while still not large when compared

with some other divisions of the Company, are extremely promising for the future.

PRODUCE DIVISION

The domestic and Canadian operations in the Produce Division, although relatively small, enjoyed profit increases over 1939.

RESEARCH

During the year a Director of Research was appointed for the purpose of more effective co-ordination and direction of activities in the Company's three special research laboratories, with emphasis on the development of new profitable products fitting into our established sales organizations. In addition to the Company's own retail and wholesale route distribution of fluid milk, ice cream and allied products, there are several other distinct groups of distributive outlets through which the many Borden products flow, such as grocery stores, drug stores, bakeries, feed mills, industrial plants and the like. With specialized sales organizations serving each of these lines, new products developed in the research laboratories will add volume with a consequent reduction in unit cost of sales.

For many years Borden scientists have devoted a major portion of their efforts to making Borden products the best that science can devise. Although this aim will remain foremost in the minds of all, product control and improvement are now so ingrained as to be a part of operating procedure, thus freeing research men for the more vigorous development of new products and processes to add to their present imposing list of achievements.

ADVERTISING AND THE WORLD'S FAIR

In 1940 Borden renewed its Exhibit at the New York World's Fair with even greater success than in 1939. Conservative estimates indicate an attendance of about 6,700,000, or 35% of the total attendance at the Fair, as compared with 30% in 1939. The total two year attendance at the Borden Exhibit was 14,445,000.

This unusual public interest is due not only to our World's Fair Exhibit, but to the increased consumer interest in the advertising of the Company, particularly the trade character "Elsie, the Borden Cow." This advertising has told a simple and convincing story of Borden products to millions of people and has greatly strengthened the trade position of the Company. This effective advertising support of our products will be enlarged and continued in 1941.

THE EFFECT OF THE WAR

The Company's business, being almost wholly in the so-called consumer goods industry group, is not likely to be substantially accelerated due to war demands or to our own defense program. Profit margins continue to be low, and the Company in most of its divisions is dependent for its profits on selling large volume at a low profit margin per unit. A limited demand may materialize for some types of dairy products for use by either civil or military authorities as well as for relief and Red Cross distribution. But, we do not anticipate this demand will be of substantial proportions when compared with domestic consumption.

As pointed out in last year's report, the Company has and must maintain substantial cash balances and inventories in

foreign jurisdictions (principally Canada). Strict foreign exchange controls are in effect in practically all foreign countries, which sometimes makes ready conversion of these assets into American dollars difficult. Every effort is being made to minimize the exchange hazards without unduly hampering our existing markets.

Increased taxes are bound to absorb an increasing proportion of any additional earnings or economies in operations. However, the Company, its employees, and its management will continue to make every effort to cooperate wholeheartedly with all government defense bodies as well as other agencies to promote national unity in these critical times.

PUBLIC RELATIONS

Through the year, the Company continued to enjoy the good-will of millions of customers who recognized in the Borden name the hallmark of fine quality and service.

In the belief that straightforward presentations of facts are mutually helpful, the Company has followed a policy of cooperating fully whenever inquiries are received about itself or the industry, and of taking the initiative in bringing to notice facts on questions in which a public interest has been indicated.

In advertising, in publicity, and in communications to customers and the general public, a continuous effort is being made to dispel some of the mystery formerly surrounding the milk industry, to destroy some prevalent fallacies about the industry and to answer with facts and

figures the misrepresentations circulated by critics.

Too often the distributors' cost of milk in the bottle, known to farmers as the Class I price, is established by government at unwarranted high levels. It is not proportionally reflected in the net return to the farmer because of the large amount of milk he produces which is not sold in the bottle and which brings lower prices. This fact is becoming more widely recognized and the Company persists in its effort to secure more general understanding of this price factor.

There are indications that this policy of frankness and cooperation is meeting with success in creating a broader understanding of the Company and the industry.

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders will be held at 10 o'clock A.M. on April 16, 1941, at the registered office of the Company, 15 Exchange Place, Jersey City, New Jersey and at that meeting this report for 1940 will be presented.

FINANCIAL STATEMENTS

There are presented on subsequent pages financial statements setting forth the operating results for 1940 and the condition of the Company at the close of that year, together with the certificate of Haskins & Sells, Certified Public Accountants.

There are also presented in a more informal manner on subsequent pages many items of interest, including financial data, to both stockholders and employees.

On behalf of the Board of Directors, I wish to express sincere appreciation for the faithful efforts, loyalty and efficiency of the employees of our organization.

THEODORE G. MONTAGUE,
President

*Submitted by Order of
the Board of Directors*

ACCOUNTANTS' CERTIFICATE

THE BORDEN COMPANY:

We have made an examination of the consolidated balance sheet of THE BORDEN COMPANY and its subsidiary companies as of December 31, 1940, and of the related statements of consolidated net income, earned surplus, and capital surplus for the year ended that date. In connection therewith, we made a review of the accounting methods and examined or tested accounting records of the companies and other supporting evidence in a manner and to the extent which we considered appropriate in view of the systems of internal accounting control.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated net income, earned surplus, and capital surplus, with the footnotes thereon, fairly present the financial condition of the companies at December 31, 1940, and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles, which, except as indicated in footnote (a), were followed by the companies on a basis consistent with that of the preceding year.

HASKINS & SELLS

New York, February 25, 1941.

The Borden

and all Subsidiaries

CONSOLIDATED BALANCE SHEET,

ASSETS		
	December 31	
CURRENT ASSETS:	1940	1939
Cash	\$ 20,147,813.99	\$ 20,291,906.93
Marketable Securities:		
(Including deposits with Governmental bodies under Workmen's Compensation and Milk Control Laws, etc. 1940, \$1,913,130.96; 1939, \$1,932,985.36)		
1940—at Cost (Market Value \$4,573,782.07)	4,412,912.26	
1939—at Market Value (Cost \$5,541,473.19 less Reserve \$129,661.35)		5,411,811.84
Receivables	12,794,346.53	12,236,450.08
(Including salary advances to employees - 1940, \$79,753.72; 1939, \$71,882.74) less Reserve for Doubtful Accounts—		
1940, \$1,894,946.31; 1939, \$2,069,932.80		
Inventories—At the Lower of Cost or Market:		
Finished Goods Materials & Supplies		
1940—\$10,105,903.27 \$7,789,518.84	17,895,422.11	
1939— 9,760,331.36 7,753,894.31		17,514,225.67
Total Current Assets	\$ 55,250,494.89	\$ 55,454,394.52
MISCELLANEOUS ASSETS, less Reserves	\$ 2,908,644.44	\$ 2,545,870.54
(Including Mortgages, Other Receivables, etc.)		
PROPERTY, PLANT AND EQUIPMENT	\$118,385,345.50	\$116,630,561.82
(Principally at cost, but in part at lower valuations established by the Company)		
Less Reserves for Depreciation	51,165,017.82	49,817,323.23
(Based on above property valuations)		
Net Property, Plant and Equipment	\$ 67,220,327.68	\$ 66,813,238.59
PREPAID ITEMS, ETC.	\$ 939,746.89	\$ 901,428.64
TRADE-MARKS, PATENTS AND GOOD-WILL	\$ 1.00	\$ 1.00
TOTAL	\$126,319,214.90	\$125,714,933.29

NOTE (1) The above balance sheet does not contain any salvage values which may be ultimately realized from properties, now owned and not essential to operations, which have heretofore been written off.

NOTE (2) Net current assets in foreign countries on December 31, 1940 and 1939 (principally in Canada) have been converted at exchange rates prevailing on those dates and are included above at their U. S. dollar equivalent of \$4,829,120 at the end of 1940 and \$4,247,859 at the end of 1939; other net assets in foreign countries (also principally in Canada) have been included at parities of the foreign currencies which generally reflect their U. S. dollar equivalent at the time of acquisition or construction.

Company ry Companies

DECEMBER 31, 1940 AND 1939

LIABILITIES

	December 31	
	1940	1939
CURRENT LIABILITIES:		
Accounts Payable	\$ 9,399,238.20	\$ 9,800,764.07
Accrued Accounts:		
Taxes (Including Income Taxes—Estimated)	2,989,065.61	3,243,924.43
Other Items	2,820,043.88	3,206,474.61
Total Current Liabilities	<u>\$ 15,208,347.69</u>	<u>\$ 16,251,163.11</u>
DEFERRED INCOME AND NON-CURRENT LIABILITIES	<u>\$ 329,744.09</u>	<u>\$ 189,043.95</u>
RESERVES:		
Contingency Reserve	\$ 2,545,184.78	\$ 2,545,184.78
For purchase of Employees' Deferred Retirement		
Annuities—based on service prior to July 1, 1939	3,187,319.70	3,371,779.70
(Intended payments during ensuing year are included in Other Items under Current Liabilities)		
Insurance and Other Operating Reserves	6,174,697.61	5,702,728.49
Total Reserves	<u>\$ 11,907,202.09</u>	<u>\$ 11,619,692.97</u>
CAPITAL STOCK—THE BORDEN COMPANY:		
Common \$15.00 par (Authorized 8,000,000 shares)		
Issued 4,417,958 shares		
Less Treasury Stock 21,254 "		
Outstanding 4,396,704 "	<u>\$ 65,950,560.00</u>	<u>\$ 65,950,560.00</u>
SURPLUS:		
Capital Surplus	\$ 13,674,792.78	\$ 13,883,136.47
Earned Surplus	19,248,568.25	17,821,336.79
Total Surplus	<u>\$ 32,923,361.03</u>	<u>\$ 31,704,473.26</u>
TOTAL	<u><u>\$126,319,214.90</u></u>	<u><u>\$125,714,933.29</u></u>

STATEMENT OF CONSOLIDATED NET INCOME
For the Years Ended December 31, 1940 and 1939

	Year Ended December 31	
	1940	1939
NET SALES	\$216,795,850.86	\$208,789,250.58
COST OF SALES AND EXPENSES:		
(Including provision for depreciation of \$6,016,187.09 in 1940 and \$6,226,193.37 in 1939, insurance, taxes, and all manu- facturing, selling, delivery, administra- tive and general expenses, after deduct- ing miscellaneous operating income)	208,217,319.93	199,569,742.02
NET OPERATING PROFIT	\$ 8,578,530.93	\$ 9,219,508.56
OTHER INCOME (Less Charges for Interest)	486,420.11	490,891.13
TOTAL	<u>\$ 9,064,951.04</u>	<u>\$ 9,710,399.69</u>
DEDUCT:		
Federal and Other Income Taxes (Estimated)	\$ 1,434,614.34	\$ 1,708,403.51
Maintenance expenditures on properties not essential to operations (Less rental income of \$178,055.50 in 1940 and \$186,929.68 in 1939)	47,719.64	22,158.66
TOTAL	<u>\$ 1,482,333.98</u>	<u>\$ 1,730,562.17</u>
NET INCOME FOR THE YEAR	<u>\$ 7,582,617.06</u>	<u>\$ 7,979,837.52</u>
Net Income per share of capital stock outstanding at end of year	\$1.72	\$1.81

NOTE (a) In 1939 the Company, in order to minimize the effect of seasonal cost fluctuations, changed the method of costing out inventories as to three manufactured products from average cost basis to the last-in, first-out basis. If this change had not been made, net income for the year 1939 would have been about \$275,000 greater. The application of this method was extended in 1940 to additional products, with the result that net income for the year 1940 would have been about \$390,000 greater if the change in that year had not been made.

NOTE (b) Net Income from foreign operations (principally in Canada) has been converted at exchange rates which prevailed monthly during the years 1940 and 1939, or at which remittances were received, and is included above at the U. S. dollar equivalent. The further adjustment incident to the conversion of net current assets in foreign countries on December 31, 1939 to their U. S. dollar equivalent was charged against a Reserve created from Earned Surplus in 1939 and this Reserve was adequate to absorb a similar adjustment on December 31, 1940.

STATEMENT OF CONSOLIDATED EARNED SURPLUS
For the Years Ended December 31, 1940 and 1939

	Year Ended December 31	
	1940	1939
BALANCE AT BEGINNING OF YEAR	\$ 17,821,336.79	\$ 20,207,822.57
NET INCOME FOR THE YEAR	7,582,617.06	7,979,837.52
TOTAL	<u>\$ 25,403,953.85</u>	<u>\$ 28,187,660.09</u>
DEDUCT:		
Dividends Paid during the Year	\$ 6,155,385.60	\$ 6,155,385.60
(\$1.40 per share in 1940 and \$1.40 in 1939)		
Appropriations to Reserves:		
For purchase of Employees' Deferred Retirement		
Annuities—based on service prior to July 1, 1939 . . .		3,750,000.00
For adjustment to U. S. dollar equivalent of net		
current assets in foreign countries (Adjustments		
of transactions for the years 1940 and 1939 have been		
absorbed in net income)		460,937.70
TOTAL	<u>\$ 6,155,385.60</u>	<u>\$ 10,366,323.30</u>
BALANCE AT END OF YEAR	<u>\$ 19,248,568.25</u>	<u>\$ 17,821,336.79</u>

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS
For the Years Ended December 31, 1940 and 1939

	Year Ended December 31	
	1940	1939
BALANCE AT BEGINNING OF YEAR	\$ 13,883,136.47	\$ 14,477,738.13
Proceeds from disposal of unessential properties		
previously written off against Capital Surplus,		
and fair operating values ascribed to other such		
properties adapted to some operating use . . .	107,128.17	146,772.91
TOTAL	<u>\$ 13,990,264.64</u>	<u>\$ 14,624,511.04</u>
Deduct—Write-off of Good-Will purchased dur-		
ing the year	315,471.86	741,374.57
BALANCE AT END OF YEAR	<u>\$ 13,674,792.78</u>	<u>\$ 13,883,136.47</u>

WHY A BIG COMPANY?

THE BORDEN COMPANY is the oldest nationwide distributor of milk and milk products. By usual standards it is big. Every day it provides millions of people with good, safe milk and milk products.

Borden has not always been big. Eighty-three years ago it was simply a man and an idea. Gail Borden had the idea that people needed safe milk and that they would pay a reasonable profit to the man who was able to provide it.



The Company's progress has followed a pattern as familiar to Americans as apple pie. We didn't have automobiles before Henry Ford started tinkering in his bicycle shop. Electric lights were unknown until Edison dreamed a dream at Menlo Park. Rubber tires came into use when Harvey Firestone decided that the comfort of riding

in a buggy could be improved.

We wouldn't have these boons to life unless still other people, who had faith and vision, had backed the ideas of these pioneers with money, and thus brought their inventions within the reach of millions of people.

We demand, with each new day, further progress toward a better and fuller life. And we reward those who help us achieve that goal.

Is Borden entitled to such a reward? In the pursuit of its job, does it deal fairly with others—the consumers, the employees and the farmers who depend upon it for food or for livelihood?

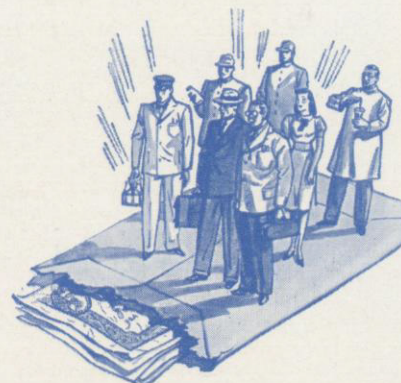
One way to measure its service and the reward is to examine how the company spends the money it receives. That is one reason for issuing an annual report. It helps others appraise how, in the previous year, the company dealt with the people whose lives it touched.

To begin with there are the investors, 47,396 of them, who live in every state in the nation and every province in Canada. Those who own our Company are men and women in professions and business, farmers, housewives, employees, widows, orphans and others—a cross section of the people. We do not list widows and orphans among our investors for emotional effect. We list them because they occupy an important place there, since one of our largest stockholders is an insurance company whose chief responsibility is the safe investment of the funds which fathers and husbands have set aside to care for their families.

No single person owns as much as one per cent of Borden stock. No investment bankers or small group of wealthy men own the business. The Borden Company is owned by a great many and a great variety of people. The average investor last year held 93 shares.

What is their motive? By investing their money they expect to obtain a better return than they would get from a savings bank. In 1940 their expectation of a profit was realized. Last year we paid a dividend of \$1.40 on every share of stock, the same rate as for the two preceding years. That is the wage we paid for the money hired from investors.

During 1940, the average number of employees on Borden's payroll was 27,080. These, together with their families and dependents, would people a city of about 100,000 population. They comprise all kinds of people practicing all kinds of crafts and professions—plant workers, deliverymen, salesmen, chemists, veterinarians, engineers, clerks, stenographers, bookkeepers.



During the past year, we paid out \$50,333,858 in wages and salaries to all of these employees. While wages varied according to living costs in different localities and according to the type of work performed, the average wage of the employees was about \$1,850.

What about the relationship between wages and profits? Before any business can employ an individual it must have work for him to do. It must have a plant to work in, equipment and machinery to work with, and countless kinds of supplies, including a supply of money to keep the business going.

Last year the average employee used buildings, tools, equipment and money representing an investment of \$4,664 for each employee. Even this amount does not include the additional sums which have been invested in research, patents and trade-marks.

If the task of supplying the capital had been assumed by the employees, each would have had to invest \$4,664 of his own money. If he had done so and all the earnings of the company had been paid to the employees, each would have received the equivalent of about 6% return on his investment—a small return when considering the risk in business enterprises.

However, the investment was supplied by the stockholders and, if all the earnings went to the employees, there would be no motive for the stockholders to invest their capital. With Borden, as with all corporations, there can be no work without capital, and each must be paid a fair wage.

Through research and enterprise, the Company found and developed new markets for milk and milk products. Last year Borden's biggest bill was paid to farmers. We expended \$98,849,943 for milk, cream, butter, cheese and other farm products.

Borden's list of costs and expenses shows other large items in addition to the amounts paid to employees and farmers.

Taxes are necessary to support the functions of government—functions needed by corporations as well as individuals. In paying \$6,477,171 in taxes last year, Borden contributed substantially to the support of government. That amounted to \$239 for each employee, or for the investor \$1.47 per share—7¢ more than the dividend paid last year.

There was also the item of depreciation, which is the measurement of the wear and tear on buildings, machinery, trucks and other equipment. The total for this purpose during the year was \$6,016,187.

The remaining expenses were many and varied. They included such items as bottles, tins and other packages; sugar, fruits and flavors; coal, oil, gasoline, horse feed and services such as freight, rent, light, power, telephone, telegraph, advertising and repairs. There were thousands of items, costing a total of \$48,022,494.

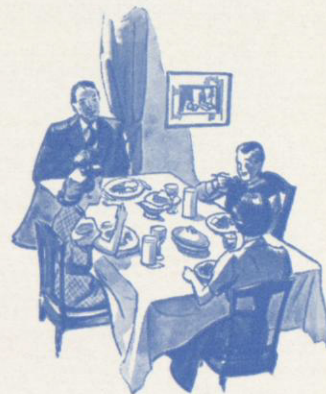
Thus it took \$209,699,653 for costs and expenses to provide millions of people with Borden products.

Finally, our investors and employees, and the farmers whose milk we market, are able to continue their coordinated functions only because these millions of people—our customers—choose the products we sell. As a demonstration of public faith in Borden, these customers last year paid us \$216,795,850 for our products.

96.5 cents out of each one of those dollars we received were used last year for the necessary costs and expenses of running our business. 3.5 cents was left as profit for the investors.

Large corporations such as The Borden Company exist because they provide a way in which many people, able to contribute to our way of life, may pool their money, time, energy and skill in combined effort, which is more lasting and fruitful in its benefits than uncoordinated individual effort.

Note — Figures used here are obtained from the tabulations on the next two pages.



How We Stood on December 31, 1940

On the preceding page 17 reference is made to the average investment per employee required to carry on the Company's business. The figure was taken from the Balance Sheet at the end of the year which is shown below in a more descriptive manner. This is simply a statement which shows what is owned; what is owed; and the difference represents Net Worth. The values have been divided by the average number of employees (27,080) to show the investment per employee.

WE OWNED (Assets)	INVESTMENT PER EMPLOYEE
CASH—In banks and on hand available to pay for milk, payroll, supplies, freight and other services. It is sometimes necessary during the year to borrow additional funds from banks to pay for these items. The funds on hand are only sufficient for about one month's average operations, since at certain seasons more cash is required for inventories and receivables.....	\$ 20,147,814 \$ 744
MARKETABLE SECURITIES—Including substantial amounts of United States and Canadian government bonds which can be sold to provide additional cash or are on deposit with various governmental bodies to guarantee compliance with their milk control laws, workmen's compensation acts, etc.	4,412,912 163
RECEIVABLES—Money to be received by us from customers and others. This represents about 23 days' sales, most of which was collected currently in January	12,794,346 472
INVENTORIES—Stocks of finished goods, raw materials and goods in process, in plants and warehouses	17,895,422 661
MISCELLANEOUS ASSETS—Consisting principally of mortgages received from sales of properties and loans to farmers to purchase cattle, collection of which will extend beyond the current year and therefore are not included in current receivables above.....	2,908,644 107
PROPERTY, PLANT and EQUIPMENT—Plants in which our employees work; also machinery, processing and delivery equipment, fixtures, etc., used in our operations; after deducting the allowance for accumulated wear and tear to date (which is the depreciation reserve).....	67,220,328 2,482
PREPAID ITEMS—Including prepaid taxes, rents, etc.	939,747 35
TRADE-MARKS, PATENTS and GOOD-WILL—For which the Company expended millions in advertising and research. For conservative purposes this is carried at a nominal amount.....	1
TOTAL OF WHAT WE OWNED (Assets).....	\$126,319,214 \$4,664

WE OWED (Liabilities)

CURRENT LIABILITIES—Including bills for milk, materials, supplies and services purchased, principally in December, but not due for payment until January. This also includes provision for commissions and payrolls for the last part of the month and items on which bills have not been rendered, such as taxes and other miscellaneous expenses	\$ 15,208,347
<i>(It will be noted that cash as shown above was more than sufficient to cover all these current liabilities at the end of the year)</i>	
NON-CURRENT LIABILITIES—Includes liabilities not payable within the next twelve months and deferred income items, such as rent, received in advance of the date when due and therefore not part of income for the year.....	329,744
TOTAL OF WHAT WE OWED (Liabilities).....	\$ 15,538,091

STOCKHOLDERS' FUNDS and RESERVES

Represented by the difference between total Assets and total Liabilities as follows:

Amounts which have been retained in Reserves for contingencies that may arise and for other operating purposes	\$ 11,907,202
From Stockholders, who own the business and have invested in the Capital Stock and Capital Surplus	79,625,353
From Stockholders, who have left a part of past earnings in the business in order to increase the earnings on their investment, as shown by the Earned Surplus Account	19,248,568
TOTAL STOCKHOLDERS' FUNDS and RESERVES	\$110,781,123

The Results of 1940 Operations

While the Balance Sheet shows how we stood on the last day of the year, the Statement of Net Income, sometimes referred to as the Profit and Loss Statement, shows the results for the full year's operations. Pages 16 and 17 of this report comment on how the Company spends the money it receives from sales to customers. In the following tabulation this is shown in relation to each dollar of sales. These figures cover all products and all markets, including Canada and Export. The resulting profit, therefore, is better than for the fluid milk operations alone. Attention is called to the large portion of the sales dollar which is paid for dairy products, payroll and taxes.

RECEIPTS:

CENTS PER
DOLLAR OF
SALES

SALES—Amount charged our customers for products sold	\$216,795,850	100. ¢
OTHER INCOME—Including interest on marketable securities and after deducting interest paid on drivers' deposits, etc.	486,420	
TOTAL	\$217,282,270	

DISPOSITION:

TO FARMERS—Paid for milk, cream, butter, cheese, etc.	\$ 98,849,943	45.5¢
PAYROLL—Employees were paid in wages and salaries	50,333,858	23.1¢
TAXES—To Federal, State, local and foreign governments	6,477,171	3.0¢
<i>(This amount for taxes is about 85% of the Net Income for the year)</i>		
TOTAL DAIRY PRODUCTS, PAYROLL AND TAXES.....	\$155,660,972	* 71.6¢

*This 71.6¢ is for all combined operations including evaporated milk, dry milk, ice cream, etc. as well as fluid milk. In divisions conducting a fluid milk business only, the ratio of these costs to the sales dollar is higher, being about 78.6¢.

COSTS AND EXPENSES OF OPERATIONS—Paid suppliers for bottles, containers, packing materials, coal, oil, gasoline, feed, sugar, tin plate and other materials; and others for services such as freight, rent, light, power, telephone, telegraph, advertising, repairs and other items, after deducting miscellaneous operating income and absorbing all cost factors of inventory fluctuations	48,022,494	22.1¢
DEPRECIATION—This year's proportion of the amount necessary to provide for the eventual replacement of buildings, machinery, vehicles and equipment, due to wear and tear in the Company's operations.....	6,016,187	2.8¢
TOTAL OF ABOVE COSTS AND EXPENSES.....	\$209,699,653	96.5¢
NET INCOME—Balance available for STOCKHOLDERS	\$ 7,582,617	3.5¢

This represents a return on sales of 3.5%. After payment of dividends of \$6,155,385 to Stockholders, the balance of Net Income was left in the business and thus strengthens the Company's financial condition.

DIVERSIFICATION

Borden is generally known as a milk company. Its primary interest is still in milk products, but during the past ten years steady progress has been made toward the diversification of that interest, so that opportunity for volume and profit might be distributed among several fields of activity.

With Borden, diversification has fallen into two main classifications—development of additional products derived from milk, and broader use of existing sales forces for the marketing of other products. On these two pages, specific examples of diversification are described.

Synthetic Resin Glue

The Casein Company of America, a division of The Borden Company, has long been established in the glue business, with a sales force covering both the manufacturing and the store trade. One of its earliest products was Casco, an adhesive made from the casein of milk.

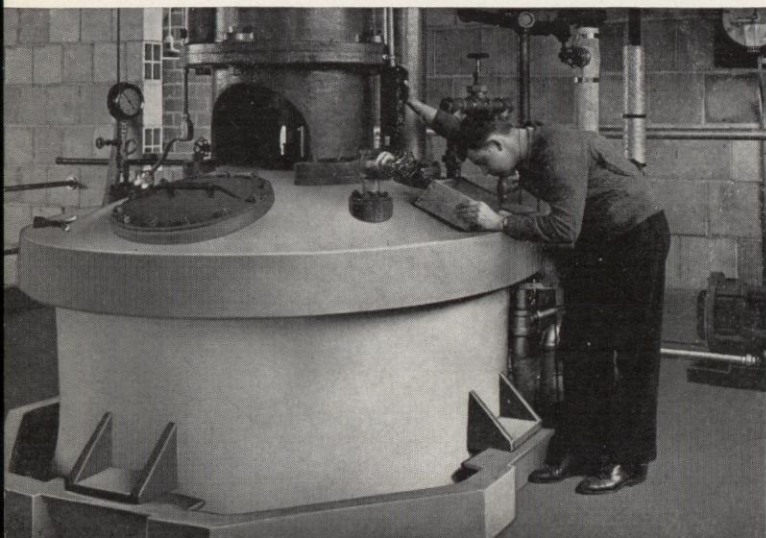
Recently this division has developed a new synthetic resin glue, made from urea (a form of synthetically produced ammonia) and formaldehyde (a product of natural gas.)

Its properties are remarkable. When hardened it forms a permanent bond, completely weather-proof and resistant to heat up to 145°. Furthermore, unlike its only close rival in durability, phenol resin glue, it can be set at room temperature, like casein glue. This is an important advantage because the number of hot presses necessary for other types of resin glue for plywood work is very much limited, and a wide new field is open to a resin adhesive which does not require high setting temperatures.

This new adhesive is sold in bulk to the manufacturing trade and is now being introduced in packages for home use under the brand name "Cascamite."

In the case of Borden's Resin Adhesives, diversification was effected by the utilization of existing sales organizations to handle additional items, thus spreading sales expense and reducing costs.

A Resin Chemist watches the reaction in the kettle



Flaydry Feed Supplement

Borden research Laboratories have done outstanding work in separating and evaluating the water-soluble B-G group of vitamins contained in milk. Twelve individual entities have been identified as belonging to this group. One of the most important is Lactoflavin.

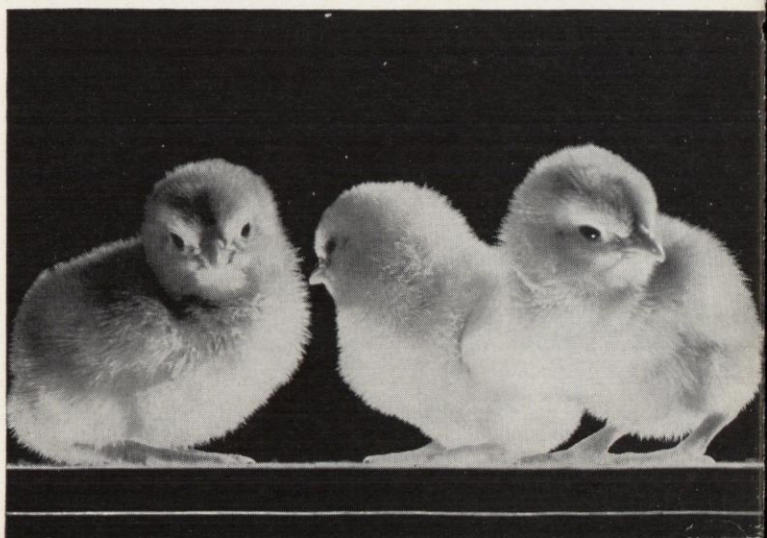
The B-G group is of vital importance in the feeding of animals and poultry. It has been proved that the absence of Lactoflavin in the poultry ration directly affects rate of growth, number of eggs produced and percentage of eggs hatched.

In 1936 Borden's Special Products Division introduced Flaydry, a supplement for poultry feed. This product is scientifically balanced to provide in economical and dependable amounts, concentrates of Lactoflavin (Riboflavin) and the other factors of milk's water-soluble vitamins.

Flaydry and Flaydry with Vitamin D are sold to feed manufacturers who include it in their own mixes. Ration-ayd, a similar product, is sold in smaller packages to feed dealers. Lactoflavin and the other B-G vitamins in concentrated form are also sold as supplements for use in the rations of calves, hogs and fur-bearing animals, and to manufacturers of dog foods.

Borden's vitamin supplements provide an example of diversification by seeking out and developing new uses for milk's by-products.

Flaydry helps chicks grow into good layers of hatchable eggs



BORDEN MAKES MINCE MEAT

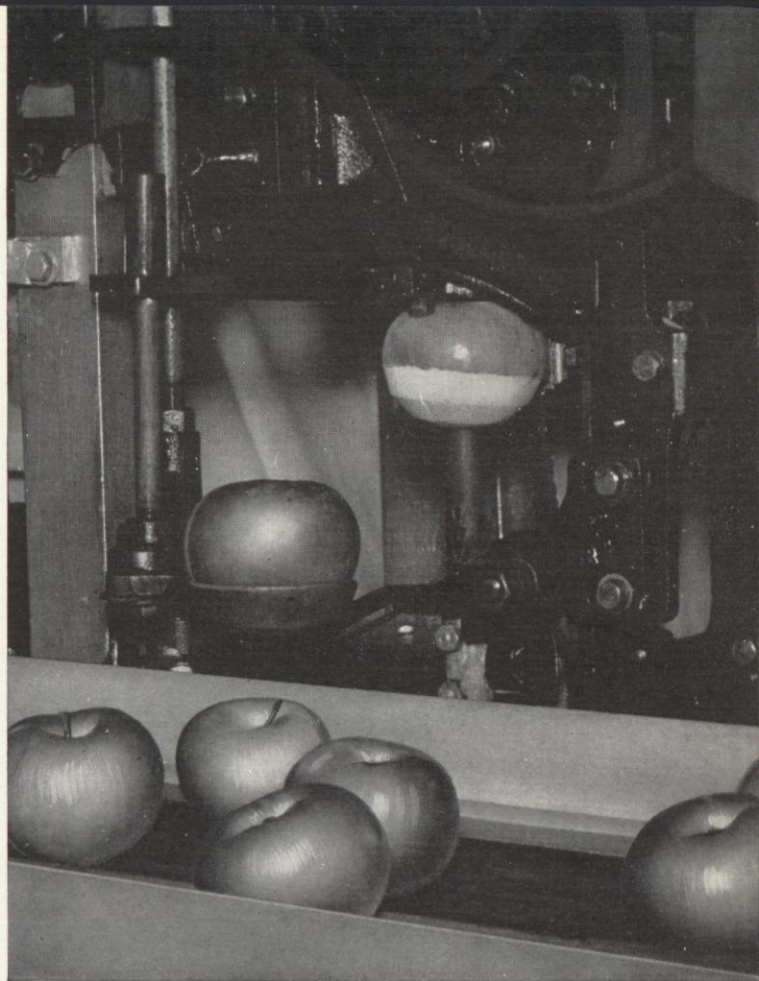
None Such

One of Borden's well known products which has no relation to milk is mince meat. It was developed to meet a demand for a quality product to eliminate the somewhat laborious process of making mince meat in the home.

The term "mince meat" is somewhat misleading. It is not predominately a meat product—actually the meat content of Borden's brands is very small. The chief ingredients are cider and apples (Baldwins and Greenings from New York State's finest orchards,) California raisins, selected currants and the peel from lemons and Valencia oranges. These fruits are mixed with lean beef and suet, and the whole flavored with special brown sugar and spices. The finished product is not characterized by the flavor of any individual ingredient but by a distinctive flavor all its own, due to Borden's exclusive aging process.

Perhaps the spices are the most important of all the twenty ingredients used in None Such Mince Meat to create its flavor. The spice formula is a secret blend developed many years ago, and it has never been successfully imitated.

Borden Mince Meat Brands are None Such, Old Time, Colonial, 1776 and Yo-Ho. They are important volume and profit items, and a good example of company diversification in that they are sold by the same sales organization which handles Borden's canned milk, at virtually no additional sales cost.



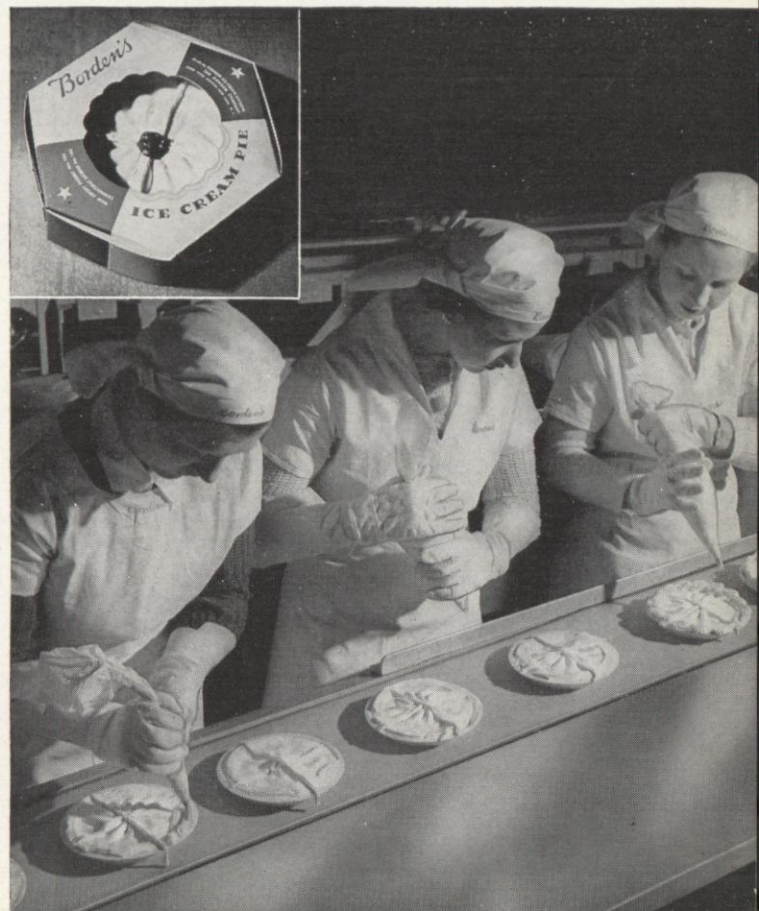
Fine Baldwin and Greening apples are an important part of Borden's Mince Meat. The automatic corer and parer is shown here.

ANOTHER KIND OF PIE—

Made of Ice Cream

The Company's ice cream business during recent years has shown a steady increase in the sale of "novelties"—(trade terminology for chocolate coated ice cream bars and other frozen confections on sticks). During 1940, Borden companies sold more than 70,000,000 of these items.

The newest novelty to achieve great popularity is the ice cream pie, shown in the accompanying illustration. The filling may be cherry, strawberry or other fruit; the "crust" is vanilla ice cream; the top is decorated with whipped cream, and the pie is served at home in segments like its pastry cousin.



Whipped cream decorations are added on the ice cream pie assembly line.

FLUID MILK PROFITS AND JOBS



Gratifying progress was made in 1940 in some Divisions of the Company's business. However, the results of the Fluid Milk Division continued to be unsatisfactory, accompanied by the loss of many jobs.

In most markets the Government fixes the price which we pay the farmer for raw milk. Frequently the price set for milk consumed in fluid form is too high in relation to other dairy products.

After the farmer is paid, the next largest item of cost is wages. It is more than half of all the remaining costs.

During the past ten years, through the use of lighter weight bottles and containers, more efficient machinery and buildings, motorization of vehicles, and tank cars, Borden has reduced the total of all other expense items, except taxes. But these economies have been more than off-set by the increases in raw milk, wage and tax costs.

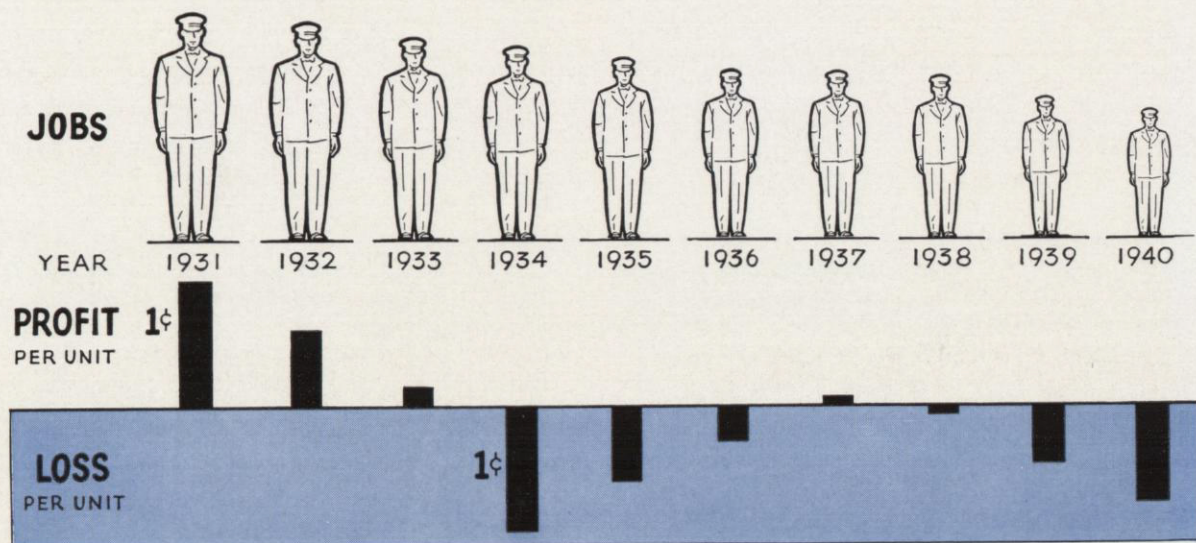
Where the price of milk paid to farmers and the wages paid to employees were not in harmony with the price that consumers were willing to pay, sales decreased, profits declined or disappeared, and jobs diminished.

Much business has been lost to others, who were able to sell at lower prices, principally because they did not have union wages nor comply with the same working conditions.

In Chicago, as illustrated below, jobs of deliverymen in the nine principal milk companies, operating under the prevailing wage contracts, shrunk from 5,790 in 1931 to 3,445 in 1940, a decrease of 40%; profits vanished and large losses resulted.

In New York, similar disturbing trends have developed. Thirty per cent less people were employed in our fluid milk operations serving this area in 1940 than in 1930. Profit margins, always slim in New York City, diminished and disappeared entirely in 1940 and the Fluid Milk Division there operated at a loss.

We believe in high wages for employees—but wage costs per unit must be reasonable and competitive, and result in prices acceptable to customers, if jobs and profits are to be maintained.



SOURCE—JOBS: Number of Deliverymen from Chicago Wage Arbitration Proceedings, July, 1940.

PROFIT OR LOSS PER UNIT: Trend of Borden's Chicago fluid milk operations which are typical of others participating in the arbitration, although profits and losses for full ten years were not available for all companies.

NEW TANKS — NON-MILITARY

Borden's Farm Products Division was the first company to bring milk to the New York Market in tank cars. These huge vacuum bottles on railroad wheels were a significant advance over the laborious method of handling milk in 40 quart cans.

While this change saved time, handling, expense and freight, it was still necessary to transfer the milk from the railroad tank cars to tank trucks in order to transport it to the city pasteurizing plants.

Last year, Borden put into use a new type of shipping tank, which is illustrated here. Its advantage is that it is not fixed to the railroad car as its predecessor was, but is slid off by means of rollers onto a truck at the city terminal, and transferred unopened to the pasteurizing plant. Thus it saves the time, labor and transfer loss involved in one entire operation.

This new procedure further protects the quality of the milk. It also saves money in a market where low costs are vital by offsetting uncontrollable increases in other costs, thus helping to maintain fair prices to the consumer.



The new type Tank is slid from Flat-car to Truck

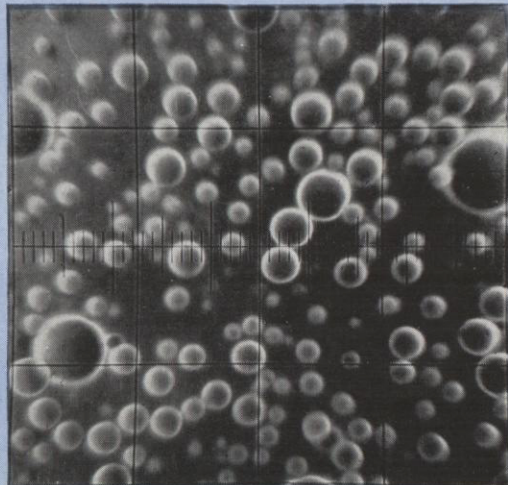
HOMOGENIZED MILK — For Tasty, Creamy Flavor

Homogenized milk was first successfully marketed by The Laurentian Dairy of Ottawa, Canada, which is now a part of The Borden Company.

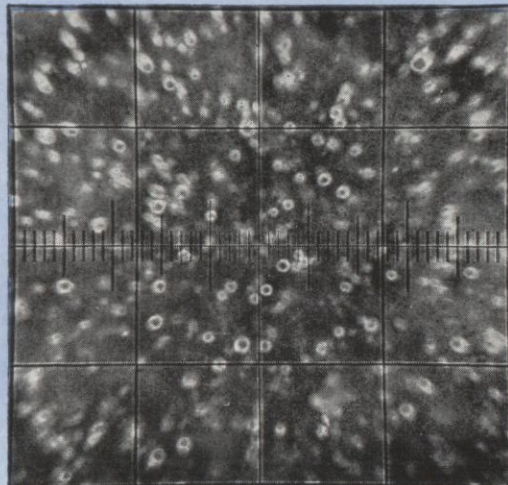
It was a typical pioneering effort, and progress was slow. Within the past two years, however, this type of milk has made great progress and is now a popular item on the routes of most Borden Fluid Milk Companies.

Briefly, the difference between Homogenized and other fluid milks is that in the former the cream is distributed evenly throughout the bottle and doesn't rise to the top. This is accomplished by forcing the milk through a very small opening under heavy pressure. Nothing is added to the milk, and nothing taken away. Homogenized Milk is delicious to drink, smooth and creamy; and exceptionally easy to digest due to the softer curd.

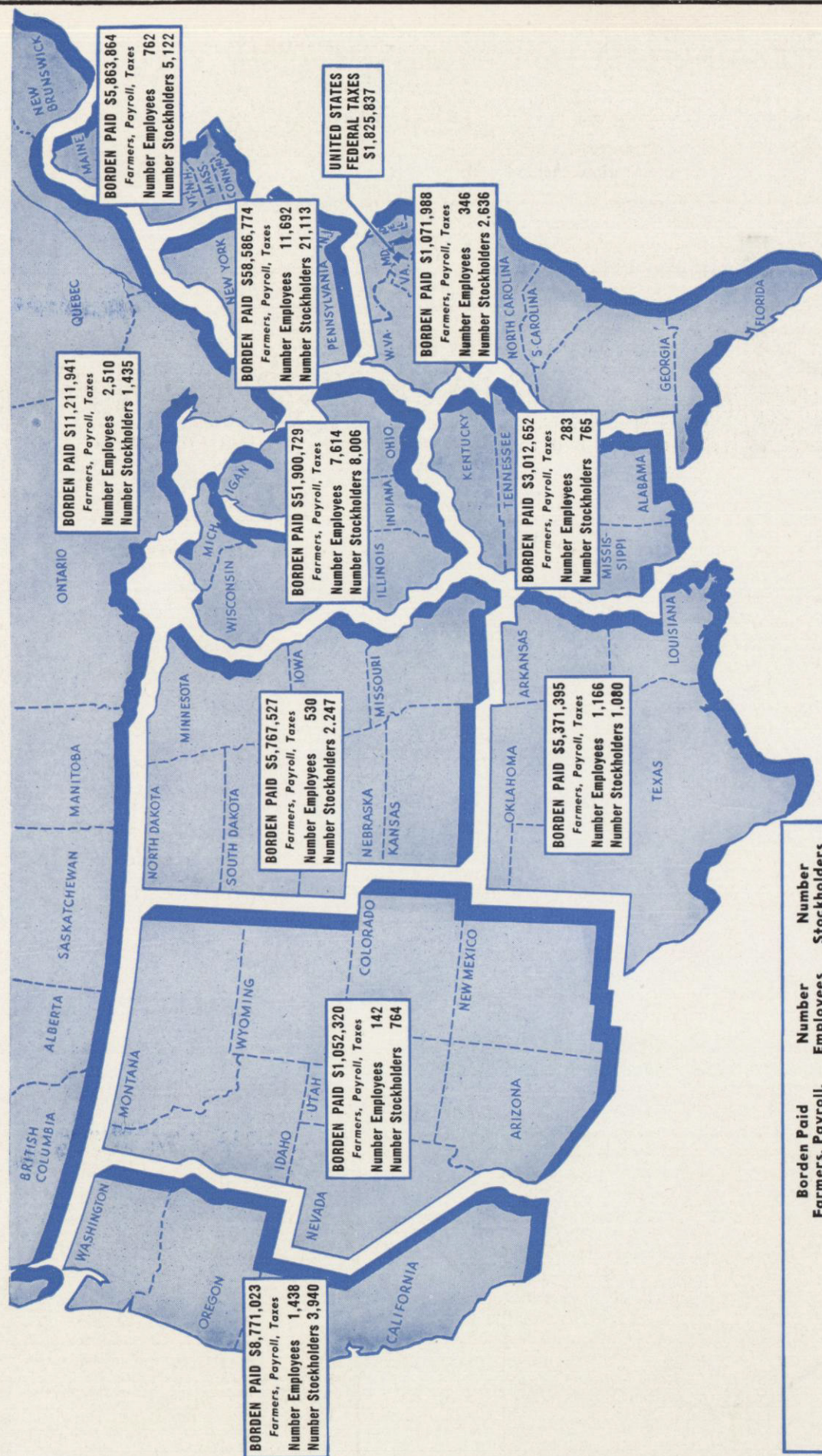
This micro-photograph shows milk which has not been homogenized. Note the large butterfat globules.



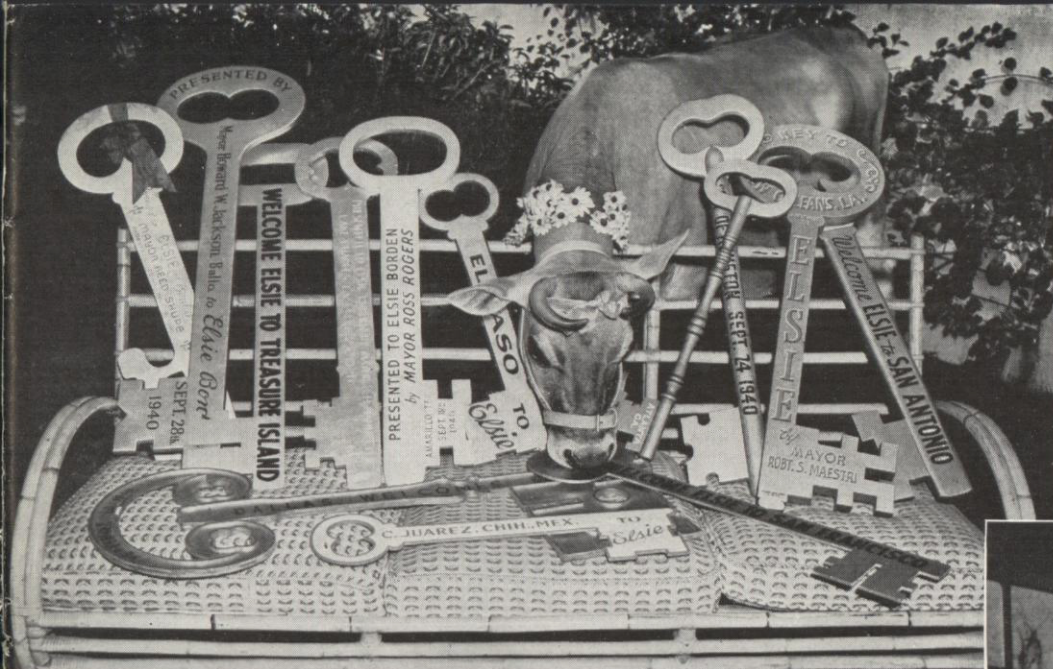
This shows homogenized milk — note the almost complete breaking-up of the globules.



Borden ... An Integral Part of Two Nations



	Borden Paid Farmers, Payroll, Taxes, 1940	Number Employees (Average 1940)	Number Stockholders Dec. 31, 1940
United States and Canada	\$154,436,050	26,483	47,108
United States Territories			139
Other Countries	1,224,922	597	149
TOTAL	\$155,660,972	27,080	47,396



On her recent trip to Hollywood, Elsie received honorary keys to many cities.

HOW ELSIE SELLS

Elsie, the famous Borden cow, has intrigued millions of people since she started on her meteoric career a few short years ago.

To intrigue and amuse, however, is not enough—a trade character must sell, and Elsie does a splendid selling job for Borden.

From the pages of newspapers and magazines she speaks for the company and its products in a friendly, good-humored way; yet with the complete assurance of one who knows what she is talking about.

Her popularity with merchants is as great as it is with the consumer. During the past year she has made her appearance in stores in the form of animated displays, chewing her cud and winking her eyes from stacks of Borden packaged goods, or atop refrigerated cases containing Borden's fluid milk and cream, or again from the windows of Borden ice cream dealers.

Store-keepers like her because she sells the goods, and, contrary to their usual custom, insist on Borden salesmen installing the animated displays in their stores.

In 1941 the flesh-and-blood Elsie from Borden's World's Fair Exhibit will again make personal appearances throughout the United States and Canada; the Elsie series in magazines and newspapers will continue, and more animated Elsie store displays will be brought out—all for the purpose of convincing the consuming public of our slogan—"If it's Borden's, it's got to be good."



An animated Elsie display at work in a grocery store.

TYPICAL ELSIE ADS

Elsie Says:

DON'T START THE NEW YEAR WITH AN OLD GROUCH!

IF RICH HOLIDAY FOODS HAVE LEFT YOU LAGGY...LET BORDEN'S BUTTERMILK HELP TO SET YOU RIGHT

BORDEN'S BUTTERMILK HELPS RESTORE NATURAL ALKALINE BALANCE AFTER HOLIDAY OVER-INDULGENCE



I'M ELSIE—WHO ARE YOU?

ALL COWS may look alike to most folks—maybe trained eye of a Borden expert. And even though the cows of his acquaintance number in the thousands, he can actually cite you the personal history of every one, or our protection. We have him keep these records—practical purity of the milk.



IF IT'S Borden's IT'S GOT TO BE GOOD



Borden's ICE CREAM



Principal Borden Products . .

UNITED STATES MANUFACTURED PRODUCTS

Except where otherwise indicated, products listed are sold generally throughout the country.

CONDENSED MILK

Eagle Brand.

Sold sectionally in various parts of the country: Challenge, Darling, Dime, Leader, Magnolia, Rose, Standard and Star Brands.

EVAPORATED MILK

Borden's Silver Cow.

Sold in the Eastern, Central and Southern States.

Borden's, Maricopa and St. Charles Brands.

Sold in the Western States.

MALTED MILK

Borden's (Plain and Chocolate Flavored).

Thompson's (Plain and Chocolate Flavored).

CHEESE

Liederkrantz Cheese and Military Brand Camembert.
Bulk Cheese.

Sold sectionally in various parts of the country:

Chateau; Borden's Packaged Process Cheese (full assortment); Borden's Process Loaf Cheese (full assortment); Eagle Brand Cream Cheese; Borden's Cocktail Cheese Spreads (full assortment); Borden's Grated Cheese (American and Italian styles), and Borden's Process Limburger, Swiss and Liederkrantz (in glass).

Military Brand Brie and Napoleon Brand Roquefort.

CONFECTIONERY

Borden's and Tip Top Caramels.

Borden's Crisps.

MINCE MEAT

None Such, Old Time, 1776, Colonial and Yo Ho.

PRESCRIPTION PRODUCTS

Biolac, Dryco, Klim, Powdered Whole Lactic Acid Milk, Powdered Protein Milk, Powdered Skimmed Lactic Acid Milk and Powdered Skimmed Milk.

MILK SUGAR

Beta Lactose and Bulk Milk Sugar.

POWDERED MILK

Klim.

In bulk only: Breadlac, Starlac and Certora Brands Skimmed Milk, and Parlac Brand Whole Milk.

POWDERED FRUIT JUICES

In bulk only: Powdered Orange and Lemon Juice.

POULTRY AND ANIMAL FEED SUPPLEMENTS

Flaydry, Flaydry "D", Ration-Ayd, Dog Food Supplement, Furpro, Hopro and Cappro.

CASEIN AND ADHESIVES

Casco Powdered Casein Glue, Casco Flexible Cement, Casco Wall Size, Cascamite Resin Glue and Bulk Casein.

FLUID MILK

Cities where principal Fluid Milk Plants are located and Brands under which the milk is sold.

ARIZONA

Phoenix Borden's Maricopa

CALIFORNIA

Fresno Borden's
Modesto Borden's
Oakland Borden's
Sacramento Borden's
San Francisco Metropolitan District Borden's

CONNECTICUT

Bridgeport Mitchell and Walker-Gordon
Danbury Mitchell and Walker-Gordon
Meriden Mitchell and Walker-Gordon
Middletown Mitchell and Walker-Gordon
New Haven Mitchell and Walker-Gordon
Norwalk Borden's, Walker-Gordon and Mitchell
Stamford Borden's

ILLINOIS

Chicago Metropolitan District Borden-Wieland

INDIANA

Hammond—Gary District Borden-Wieland
LaFayette Furnas
Terre Haute Borden's

LOUISIANA

Lake Charles Borden's

MICHIGAN

Detroit Metropolitan District Borden's
Grand Rapids Hoekstra

MISSOURI

Kansas City Borden's

NEW JERSEY

Newark and Northern New Jersey—
Borden's and Walker-Gordon
Trenton Castanea and Walker-Gordon

NEW YORK

Albany Borden's
Glens Falls Borden's Adirondack
New York Metropolitan District including
Westchester County and Long Island—
Borden's, Walker-Gordon, Reid's,
Dairy Sealed and Willow Brook
Troy Borden's Collar City
Utica Borden's

OHIO

Akron Averill and Peoples
Columbus Hamilton and Moores & Ross
Dayton Borden's and Finch Farms
Mansfield Levering's
Marion Moores & Ross
Newark Borden's
Portsmouth Borden's
Springfield Borden's
Xenia Borden's
Zanesville Moores & Ross

OKLAHOMA

Oklahoma City Borden's

TEXAS

Amarillo Borden's
Corpus Christi Borden's
Dallas Borden's
El Paso Borden's
Houston Borden's
Lubbock Borden's
San Antonio Borden's

WISCONSIN

Madison Kennedy-Mansfield
Milwaukee Gridley
Racine Racine Pure Milk

.. And Where They Are Sold

ICE CREAM

Cities where principal Borden Ice Cream Plants are located and Brands under which the ice cream is sold.

ARKANSAS		LOUISIANA		OHIO	
Texarkana	Borden's	Lake Charles	Borden's	Akron	Furnas
CALIFORNIA		MARYLAND		Canton	Borden's
Fresno	Borden's	Baltimore	Borden's and Hendler	Chillicothe	Borden's
Modesto	Borden's	MASSACHUSETTS		Columbus	Furnas and Moores & Ross
Oakland	Borden's	Boston Metropolitan District	Borden's	Dayton	Borden's and Red Wing
Sacramento	Borden's	North Adams	Borden's	Marion	Furnas and Moores & Ross
San Francisco Metropolitan District	Borden's	MICHIGAN		Mansfield	Levering's
CONNECTICUT		Detroit Metropolitan Dist.	Borden's and MelOrol	Newark	Borden's
Bridgeport	Huber's, Mitchell's and MelOrol	Grand Rapids	Borden's and Hoekstra	Portsmouth	Borden's
Hartford	Borden's	Jackson	Borden's	Springfield	Borden's
Stamford	Borden's, Huber's and Horton's	Kalamazoo	Borden's and Lockshore	Youngstown	Borden's
DELAWARE		Lansing	Borden's	Zanesville	Borden's and Moores & Ross
Wilmington	Sharpless-Hendler	Saginaw	Borden's	OKLAHOMA	
ILLINOIS		MISSOURI		Oklahoma City	Borden's
Aurora	Borden's and Velvet	Kansas City	Borden's	PENNSYLVANIA	
Chicago	Borden's, Cunningham and MelOrol	St. Louis	Borden's	Allentown	Sharpless
Elgin	D. & W.	NEW YORK		Harrisburg	Borden's
Joliet	Borden's and Velvet	Albany	Hosler and Helderberg	Philadelphia	Sharpless
Rockford	D. & W.	Glens Falls	Borden's and Hall's	York	Borden's
INDIANA		Kingston	Borden's and Horton's	TEXAS	
Fort Wayne	Furnas	Middletown	Borden's, Reid's and Horton's	Amarillo	Borden's
Indianapolis	Furnas and Velvet	New York Metropolitan District including		Beaumont	Rettig's
Kokomo	Furnas	Westchester County and Long Island—		Corpus Christi	Borden's
Richmond	Borden's and Red Wing	Borden's, Reid's, Horton's, Ricciardi,		Dallas	Borden's
Shelbyville	Furnas and Velvet	Carpenter, LaRue and MelOrol		El Paso	Borden's
South Bend	Furnas	Ogdensburg	Borden's	Houston	Rettig's
Terre Haute	Borden's	Poughkeepsie	Schrauth	Lubbock	Borden's
IOWA		Rochester	Borden's and Teall	San Antonio	Borden's
Cedar Rapids	Hutchinson	Troy	Borden's and Hosler	VERMONT	
Davenport	Hutchinson	Utica	Borden's and Rob Roy	Burlington	Borden's
Fort Dodge	Hutchinson	NEW JERSEY		WISCONSIN	
Mason City	Hutchinson	Asbury Park	Borden's, Reid's and Horton's	Fond du Lac	Sessions
Waterloo	Hutchinson	Atlantic City	Sharpless	Madison	Kennedy
KANSAS		Paterson (Northern New Jersey)—		Milwaukee	Gridley
Leavenworth	Borden's	Borden's, Reid's, Horton's and MelOrol		Racine	Borden's Purity
Topeka	Borden's	Trenton	Sharpless		

CANADA

MANUFACTURED PRODUCTS

CONDENSED MILK

Eagle Brand, Reindeer Brand and Purity Brand.

EVAPORATED MILK

Borden's St. Charles and Borden's Silver Cow.

POWDERED MILK AND CREAM

Klim, Trucream, Trumilk, Drimilk, Milkstock, C.M.P., Bread-lac and Starlac.

PRESCRIPTION PRODUCTS

Dryco, Klim, C.M.P. Powdered Lactic Acid Milk and C.M.P. Powdered Protein Milk.

MALTED MILK

Borden's Malted Milk (Plain and Chocolate Flavored).

CONDENSED COFFEE

Borden's.

CARAMELS

Borden's.

POWDERED FRUIT JUICE

Borden's and C.M.P.

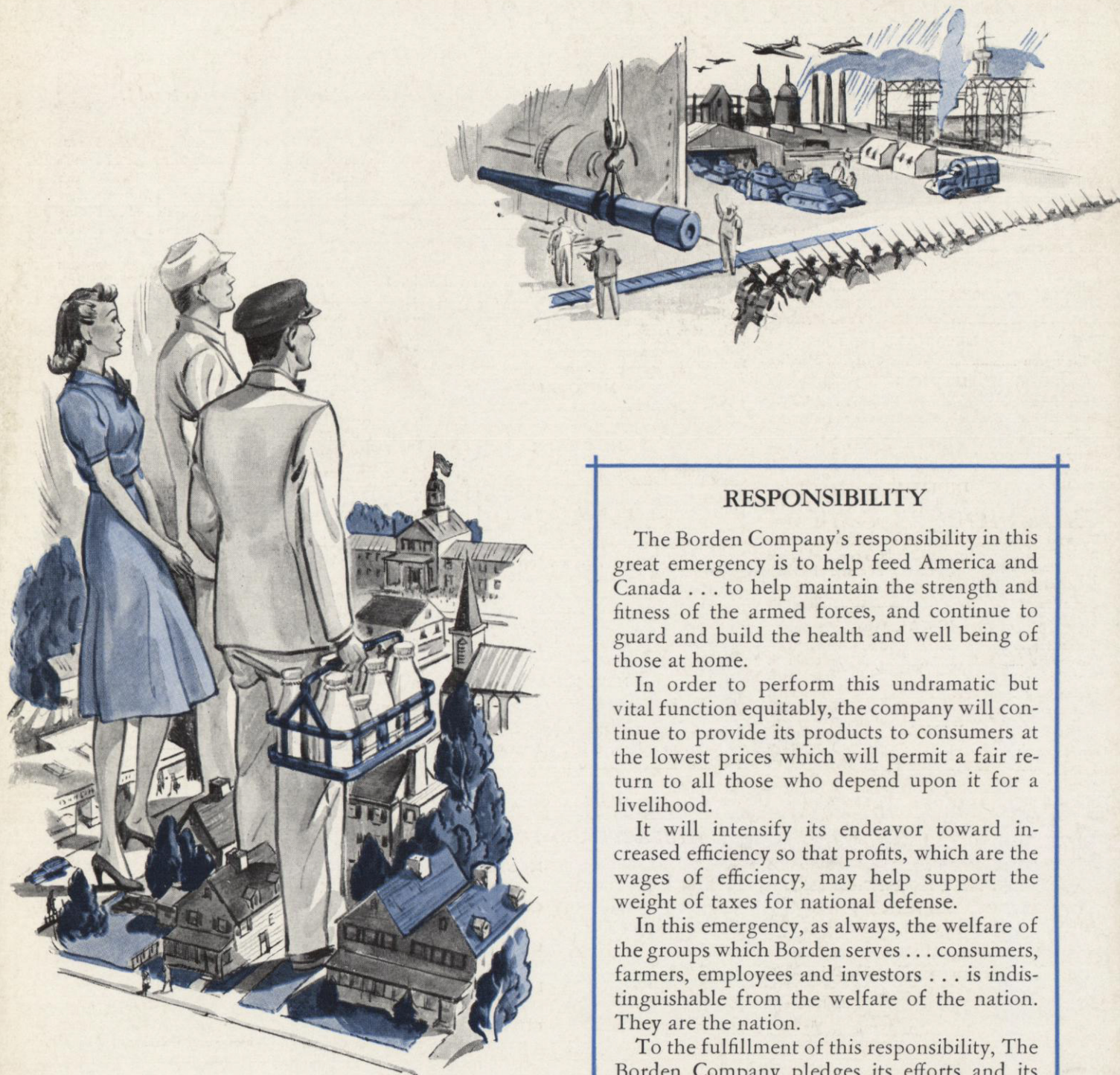
CHEESE

Chateau, Baumert's Cream Cheese, Old Vintage and Canabec.

FLUID MILK

Cities in which Borden Plants are located and brands under which the product is sold.

ONTARIO		ONTARIO	
Hamilton	Borden's	Hamilton	Borden's and MelOrol
Niagara Falls	Borden's	Niagara Falls	Borden's and MelOrol
Ottawa	Ottawa Dairy	Ottawa	Ottawa Dairy and Borden's MelOrol
Toronto	City Dairy and Caulfield	Toronto	City Dairy and Borden's MelOrol
Windsor	Walkerside	Windsor	Walkerside and Borden's MelOrol
QUEBEC		QUEBEC	
Montreal	Borden's and Joubert	Montreal	Joubert and Borden's MelOrol



RESPONSIBILITY

The Borden Company's responsibility in this great emergency is to help feed America and Canada . . . to help maintain the strength and fitness of the armed forces, and continue to guard and build the health and well being of those at home.

In order to perform this undramatic but vital function equitably, the company will continue to provide its products to consumers at the lowest prices which will permit a fair return to all those who depend upon it for a livelihood.

It will intensify its endeavor toward increased efficiency so that profits, which are the wages of efficiency, may help support the weight of taxes for national defense.

In this emergency, as always, the welfare of the groups which Borden serves . . . consumers, farmers, employees and investors . . . is indistinguishable from the welfare of the nation. They are the nation.

To the fulfillment of this responsibility, The Borden Company pledges its efforts and its resources.

Theodore G Montague

President